



NEWS RELEASE

FOR IMMEDIATE RELEASE

COLABOR GROUP REPORTS ITS 2016 FOURTH QUARTER AND YEAR-END RESULTS

2016 HIGHLIGHTS

- Return to profitability in fiscal 2016 and a 72.8% increase in operating earnings before items not related to current operations, to \$18.8 million
- Adjusted EBITDA of \$30.3 million, up 15.1% year over year
- Cash flow from operating activities up \$5.0 million to \$33.1 million
- \$68.1 million reduction in total debt during the year, from \$186.2 million to \$118.1 million, or 3.9x adjusted EBITDA for the last 12 months

FOURTH QUARTER HIGHLIGHTS

- 29.3% increase in operating earnings before items not related to current operations
- Relatively stable adjusted EBITDA of \$9.1 million
- Cash flow from operating activities up \$1.8 million to \$15.5 million
- Appointment of Michael Horgan to Colabor's Board of Directors

Boucherville, Quebec, February 24, 2017 – Colabor Group Inc. (TSX: GCL) (“Colabor” or the “Corporation”) reported its results today for the fourth quarter and fiscal year ended December 31, 2016.

“Colabor ended fiscal 2016 on stronger ground after rigorously executing its business plan. The rationalization plan announced at the beginning of the year combined with steady improvement in our operating performance resulted in a substantial increase in operating profitability. In addition, the recapitalization transactions that closed last October, combined with an excellent management of our working capital, led to an improved financial position and provide us with greater flexibility to pursue our growth objectives,” said Claude Gariépy, President and Chief Executive Officer of Colabor.

Financial highlights (thousands of dollars except per-share data)	Quarter ended		Fiscal year ended	
	Dec. 31, 2016	Dec. 26, 2015	Dec. 31, 2016	Dec. 26, 2015
Sales¹	432,543	431,912	1,399,435	1,390,597
Adjusted EBITDA	9,092	9,301	30,267	26,304
Operating earnings before the following items	5,578	4,314	18,758	10,853
Charges not related to current operations	1,939	2,442	4,926	4,123
Asset write-off charges²	-	33,756	-	35,487
Net earnings (loss)	(160)	(29,314)	323	(33,764)
Per share – basic and diluted (\$)	0.00	(1.07)	0.04	(1.23)
Cash flow from operations³	15,486	13,650	33,144	28,174
Weighted average number of shares outstanding⁴ (basic, in thousands)	76,985	27,454	43,534	27,454

¹ At December 31, 2016, the Corporation early adopted IFRS 15, *Revenue from Contracts with Customers*. Prior year figures have been reclassified.

² Including an impairment loss on goodwill and other intangible assets.

³ After the net change in working capital.

⁴ At December 31, 2016, the number of shares outstanding was 102,107,832.

FOURTH QUARTER RESULTS

Consolidated sales for the 119-day period ended December 31, 2016, were \$432.5 million, compared to \$431.9 million for the 112-day period ended December 26, 2015. Comparable sales for the same number of days were down 4.3%.

Sales for the Distribution segment rose 2.3% to \$318.8 million, compared to \$311.7 million a year earlier. Comparable sales decreased 2.6%, with the loss of a supply contract in Ontario partially offset by steady growth at the Norref division.

Sales for the Wholesale segment were \$113.7 million, down 5.4% from \$120.2 million last year. Comparable sales declined by 8.6% due to a significant sales decrease for the Décarie division, in part due to strong beef price deflation, as well as greater competitive pressure.

Adjusted EBITDA was \$9.1 million or 2.10% of sales, compared to \$9.3 million or 2.15% of sales in the fourth quarter of 2015. The slight decrease essentially reflects the strong competitive pressure in the meat market, which affected the profitability of the Décarie division. This factor was partially offset by the positive impact of the cost control measures in Colabor's rationalization plan, as well as the improved performance of some divisions.

Reflecting lower depreciation and amortization charges, operating earnings before charges not related to current operations, i.e., earnings before financial expenses and income taxes, rose 29.3% year over year, from \$4.3 million to \$5.6 million. Colabor ended the fourth quarter of 2016 with a net loss of \$0.2 million compared to a net loss of \$29.3 million last year.

FISCAL 2016 RESULTS

Consolidated sales for the 371-day period ended December 31, 2016, totalled \$1.40 billion, compared to \$1.39 billion for the 364-day period ended December 26, 2015. On a year-over-year basis, comparable sales declined by 0.7%. Comparable sales for the Distribution segment grew by 1.1%, driven by growing major clients in Ontario and the steady growth of the Norref division, while comparable sales for the Wholesale segment declined by 5.8% due to market conditions affecting the Décarie division and the nonrenewal of a distribution contract at the Boucherville division in the first half of 2015.

Adjusted EBITDA rose 15.1% to \$30.3 million or 2.16% of sales, compared to \$26.3 million or 1.89% of sales a year earlier. Operating earnings before charges not related to current operations grew by 72.8% to \$18.8 million, compared to \$10.9 million last year. As a result of this improved operating profitability, the Corporation concluded fiscal 2016 with net earnings of \$0.3 million compared to a net loss of \$33.8 million in 2015.

CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities amounted to \$15.5 million in the fourth quarter of 2016, compared to \$13.7 million for the same period in 2015. This \$1.8 million increase resulted from a larger positive change in working capital, amounting to \$8.7 million in 2016 compared to \$5.3 million a year earlier.

For fiscal 2016 as a whole, cash flow was \$33.1 million, up from \$28.2 million in 2015. The improvement reflected a larger positive change in working capital arising from better management of accounts receivable and inventory, as well as improved profitability.

As at December 31, 2016, the Corporation's total debt, including the convertible debentures and bank overdraft, was \$118.1 million, down sharply from \$186.2 million a year earlier. This reduction reflects the success of the recapitalization transactions that closed on October 13, 2016, as well as the strong cash flow generated during the year.

APPOINTMENT OF MICHAEL HORGAN TO COLABOR'S BOARD OF DIRECTORS

Colabor is proud to announce that Michael Horgan has been appointed as a director of the Corporation. His appointment is effective immediately, and will serve to fill the seat left vacant by the departure of Gaétan Brunelle. Mr. Horgan has several decades of broad corporate experience, primarily in the contract services industry, and the Corporation is pleased to have access to his expertise and skills.

OUTLOOK

“Colabor is starting fiscal 2017 in a solid financial position and with enhanced flexibility that will enable it to reinvest in its operations, particularly its sales teams, and to continue to improve operating efficiency and profit margins. To optimize asset utilization and continue to cut costs, we plan to close the Vaughan, Ontario warehouse on April 30, 2017. After a year of focusing on cost reduction to improve profitability, we expect improved gross margins and organic growth in comparable sales in the second half of 2017, while maintaining tight operating cost controls. Colabor can thus build on the progress made to date to strengthen its position in the food services industry and create lasting value for its shareholders,” concluded Mr. Gariépy.

CONFERENCE CALL

Colabor will hold a conference call to discuss these results on Friday, February 24, 2017, beginning at 10:30 a.m. Eastern Time. Interested parties can join the call by dialling 647-788-4922 (from Toronto and overseas) or 1-877-223-4471 (from elsewhere in North America). If you are unable to participate, you can listen to a recording by dialling 1-800-585-8367 and entering the code 65627256 on your telephone keypad. The recording will be available from 1:30 p.m. Friday, February 24, 2017, to 11:59 p.m. Friday, March 3, 2017.

Those interested in participating in the webcast with presentation should click on this link:

<http://www.colabor.com/en/investisseurs/evenements-et-presentations/>

NON-IFRS MEASURES

The information provided in this release includes non-IFRS performance measures, notably adjusted earnings before financial expenses, income taxes, depreciation and amortization (“EBITDA”) and cash flow. As these concepts are not defined by IFRS, they may not be comparable to those of other companies.

ADDITIONAL INFORMATION

The Management Discussion and Analysis and the financial statements of the Corporation will also be available on SEDAR (www.sedar.com) following publication of this release. Additional information about Colabor Group Inc. can be found on SEDAR and on the Corporation’s website at www.colabor.com.

FORWARD-LOOKING STATEMENTS

This news release contains certain statements that may be deemed forward-looking statements reflecting the opinions or current expectations of Colabor Group Inc. concerning its performance, business operations and future events. Such statements are subject to risks, uncertainties and assumptions and the analysis of the debt structure and available alternatives, and risks mentioned in the Corporation’s annual information form found under its profile on SEDAR (www.sedar.com), such as the risk of dilution for existing shareholders. As such, these statements are not guarantees of future performance, and actual results, realities, or events may differ materially. Except as required by law, the Corporation assumes no obligation to update these forward-looking statements in the event that management’s beliefs, estimates or opinions or other factors change.

ABOUT COLABOR

Colabor is a distributor and wholesaler of food and non-food products serving the foodservice market (cafeterias, restaurants, hotels, restaurant chains) in Québec, Ontario and the Atlantic provinces, as well as the retail market (grocery stores and convenience stores).

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Further information:

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